Loans to small and marginal industries

2234.SHRI THENNALA G. BALAKRISHNA PILLAI: Will the Minister of FINANCE be pleased to state:

(a) the targets fixed for allocation of loans to small and marginal industries during the last three years, year-wise;

(b) the amount of loan disbursed during the above period, year-wise;

(c) whether it is a fact that the targets fixed for disbursal of loans were not achieved, and

(d) if so, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Reserve Bank of India (RBI) has advised all the public sector banks to fix self set target for growth in advances to SSI sector over the previous year's achievement and overall trends in growth of net bank credit. The RBI is monitoring the self set targets of the banks. RBI has reported targets of all public sector banks for the year 2004-05 and 2005-06 as Rs. 43507 crores and Rs. 54456 crores, respectively.

(b) The amount of outstanding advances to SSI sector by the public sector banks during the year 2003-04 and 2004-05 is Rs. 58278 crores and Rs. 67634 crores, respectively.

(c) For the year 2004-05, 13 public sector banks have achieved the self set targets fixed by them.

(d) The shortfall in achieving the targets by some banks may have been due to the following reasons:

(i) Funding from own sources in case of profitable units.

(ii) High transaction costs and high incidence of NPAs on loans to SSIs.

(iii) Prudential write off and compromise settlement.